

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF
CRESCENT CITY AREA**



FINAL REPORT

AUGUST 31, 2010

M e m o r a n d u m

Date: August 31, 2010

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of Inspector General

File No.: 010.13424.A13471

Subject: FINAL 2009 COMMAND AUDIT REPORT OF CRESCENT CITY AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Crescent City Area. The audit focused on the command's Driving Under the Influence and Asset Forfeiture Programs.

The audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Crescent City Area agreed with all of the findings and plans to take corrective action to improve its operations.

Crescent City Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. Also, the Office of Inspector General plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Assistant Commissioner, Field; Office of Inspector General; Office of Legal Affairs; Northern Division; and the Crescent City Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

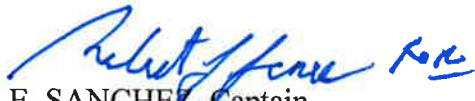
In accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted

Safety, Service, and Security

Office of the Commissioner
Page 2
August 31, 2010

on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspector General would like to thank Crescent City Area's management and staff for their cooperation during the audit. If you need further information, please contact Captain Bob Jones at (916) 843-3160.

A handwritten signature in blue ink, appearing to read "E. Sanchez", with a stylized flourish at the end.

E. SANCHEZ, Captain
Interim Inspector General

cc: Assistant Commissioner, Field
Northern Division
Crescent City Area
Office of Legal Affairs
Office of Inspector General, Audits Unit

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF CRESCENT CITY AREA

OFFICE OF INSPECTOR GENERAL, AUDITS UNIT

AUGUST 31, 2010

TABLE OF CONTENTS

Executive Summary	1
Audit Report.....	2
Introduction.....	2
Objective and Scope	2
Methodology	2
Overview.....	2
Findings and Recommendations	4
Conclusion	7
 <u>Annexes</u>	
Response to Draft Report from Northern Division.....	A
Response to Draft Report from Crescent City Area	B

EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Crescent City Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and effectiveness of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through May 31, 2009. However, primary testing was performed of business conducted during the period of January 1, 2008 through March 1, 2009. The audit included a review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from June 23 - 26, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of the Crescent City Area's operations, this audit revealed the Crescent City Area has complied with most operational policies. However, some issues were observed. The following is a summary of the identified issues:

DUI Cost Recovery Program

- The command did not always properly complete their DUI Cost Recovery Program documents.

Asset Forfeiture Program

- The command did not always review and forward a Memorandum of Understanding to their Division annually.
- The command did not receive asset forfeiture (AF) training from the Division AF Coordinator at least once a year.
- The command did not provide AF training to affected personnel at least once a year.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Crescent City Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through May 31, 2009. However, primary testing was performed of business conducted during the period of January 1, 2008 through March 1, 2009. This audit included the review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from June 23 - 26, 2009.

METHODOLOGY

Under the direction of the Office of the Commissioner, each command was randomly selected to be audited regarding its DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audit reports and findings of this command.

OVERVIEW

DUI Cost Recovery Program: The command was compliant with most state laws and departmental policies and has adequate internal controls regarding their DUI Cost Recovery Program. However, the command did not always properly complete their DUI Cost Recovery Program documents.

Asset Forfeiture Program: The command was compliant with state laws and most departmental policies and has adequate internal controls regarding their Asset Forfeiture (AF) Program. However, the command did not always review and forward a Memorandum of Understanding to their Division annually; did not receive AF training from the Division AF Coordinator at least once a year; and did not provide AF training to affected personnel at least once a year.

This audit revealed the command has adequate operations; however, issues were discovered, which if left unchecked could have a negative impact on the command and CHP operations. These issues should be addressed by management to maintain the command's compliance with appropriate law, regulations, policies, and procedures. The issues and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation including but not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

FINDING 1: **The command did not always properly complete their DUI Cost Recovery Program documents.**

Condition: From January 1, 2008 to March 1, 2009, the command generated 42 CHP 735, Incident Response Reimbursement Statement forms. Thirty DUI Cost Recovery billing packages were randomly selected for testing. However, one billing package was unavailable for review and another case was not adjudicated at the time of this audit. Based on a review of 28 billing packages, the following was identified:

- Twenty-one (70 percent) billing packages revealed the offender's court case numbers were not recorded on the CHP 415, Daily Field Record forms, and in four instances the offender's court case numbers were not consistently included on the CHP 415 used to prepare the billing package;
- Twelve billing (40 percent) packages revealed the offender's names were not listed on the CHP 415 forms and in eight instances the offender's names were not consistently recorded on the CHP 415 forms used to prepare the billing package;
- All CHP 735 forms were properly completed;
- All billing packages were submitted to the Fiscal Management Section within 10 business days.

Criteria: Government Code Section 13403(a)(6) articulates one of the elements of a satisfactory system of internal accounting and administrative control is an effective system of internal review.

Highway Patrol Manual (HPM) 11.1, Administrative Procedures Manual, Chapter 20, Driving Under the Influence (DUI) Cost Recovery Program, paragraph 4.e.(2)(c)1 states:

“1 Offender's name and court case number shall be included on the CHP 415, Daily Field Record.”

Recommendation: The command should include the offender's name and court case number on the CHP 415 form.

ASSET FORFEITURE PROGRAM

FINDING 1: **The command did not always review and forward a Memorandum of Understanding (MOU) to their Division annually.**

Condition: The command maintains a 2006 MOU with an allied law enforcement agency in Del Norte County but there is no evidence the commander reviewed the MOU and forwarded it to Division by February 1 for 2007, 2008, and 2009.

Criteria: HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 4.b. states:

“b. Annual Review. Area AFCs shall review their respective MOUs annually in order to ensure the agreements are current. Area AFCs shall forward copies of renewed MOUs to their Division no later than February 1 of each year. Divisions shall forward copies to FSS no later than March 1. For MOUs not requiring renewal, the Area AFC shall sign and date the MOU on the signature page with the notation “Reviewed - no changes required.”

Recommendation: The command should review and forward the MOU to their Division annually.

FINDING 2: **The command did not receive asset forfeiture (AF) training from the Division AF Coordinator (AFC) at least once a year.**

Condition: The Area AFC has not received AF training from the Division AFC since 2002.

Criteria: HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 21.a. states:

“a. In order to ensure uniformity throughout the Department, Division AFCs shall receive annual training from the departmental AFC coordinator in FSS. The training will encompass asset forfeiture laws, pending state and/or federal legislation relating to asset forfeiture, departmental policies, and procedures. Division AFCs will in turn provide annual training to Area AFCs, uniformed employees assigned to NTFs, canine handlers, and affected non-uniformed employees involved with asset forfeiture. The training shall be of sufficient duration to ensure full understanding of legal/policy requirements. In addition, Division AFCs should attend Division Area Commanders’ Conferences as necessary to provide commanders with an overview of the Department’s AFP and any related new legislation or updates to departmental policy.”

Recommendation: The command should receive AF training from the Division AFC at least once a year.

- FINDING 3:** The command did not provide AF training to affected personnel at least once a year.
- Condition:** The command did not provide AF training to affected personnel at least once a year.
- Criteria:** HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraphs 21.b. states:
- “b. Area AFCs shall provide training for Area supervisors, officers, and affected non-uniformed personnel at least once a year. Area AFCs shall ensure officers are made aware of local MOUs with allied agencies/NTFs regarding turnover of arrests for controlled substance violations and are familiar with the legal requirements and departmental policies/procedures related to the seizure of assets.”
- Recommendation:** The command should provide AF training to affected personnel at least once a year.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

Memorandum

Date: August 2, 2010

To: Office of Inspections

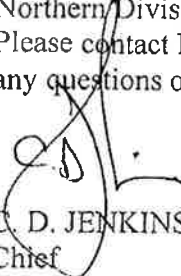
From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Northern Division

File No.: 101.11279

Subject: RESPONSE MEMORANDUM – CRESCENT CITY AREA

As requested, Crescent City Area prepared the attached response memorandum to the DUI Cost Recovery Program and Asset Forfeiture Program audit, which was conducted by the Office of Inspections. Crescent City Area agreed with all four of the discrepancies noted by your office and has taken appropriate action to correct them.

Northern Division concurs with Crescent City Area's response and respective corrective actions. Please contact Northern Division Lieutenant Todd Morrison at (530) 225-2715, should you have any questions or need further assistance.



C. D. JENKINS
Chief

Attachment

Safety, Service, and Security

ANNEX

B

M e m o r a n d u m

Date: July 25, 2010

To: Northern Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Crescent City Area

File No.: 120.Admin.11884.Command Audit Response

Subject: CRESCENT CITY AREA 2009 COMMAND AUDIT REPORT

This memorandum is intended to serve as the written response to the command audit report of the Crescent City Area as required by the Office of the Assistant Commissioner, Inspector General's memorandum dated May 28, 2010.

FINDINGS AND RECOMMENDATIONS:

DUI COST RECOVERY PROGRAM:

Finding 1 - The command did not always properly complete their DUI Cost Recovery Program documents.

Recommendation – The command should include the offender's name and court case number on the CHP 415 form.

Response – The Area concurs with the finding and recommendation. To ensure the accuracy of the CHP 415s, training has been provided to the clerical staff, and all 415 forms are reviewed by the shift sergeant and the office services supervisor to ensure the offender's name and court case number appear on the CHP 415s.

ASSET FORFEITURE PROGRAM:

Finding 1 – The command did not always review and forward a Memorandum of Understanding (MOU) to their Division annually.

Recommendation – The command should review and forward the MOU to their Division annually.

Response – The Area concurs with the finding and the recommendation. The MOU with the allied agency will be reviewed annually. Any changes will be submitted on an amended MOU with the required signatures.

Northern Division

Page 2

July 25, 2010

Finding 2 – The command did not receive asset forfeiture (AF) training from the Division Asset Forfeiture Coordinator (AFC) at least once a year.

Recommendation – The command should receive AF training from the Division AFC at least once a year.

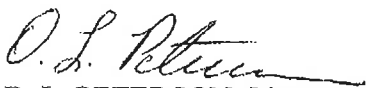
Response – The Area concurs with the finding and recommendation. The Area AFC will receive AF training from the Division AFC at least annually.

Finding 3 – The command did not provide AF training to affected personnel at least once a year.

Recommendation – The command should provide AF training to affected personnel at least once a year.

Response – The Area concurs with the finding and recommendation. The Area will ensure the Area AFC provides required training to affected employees at least once a year.

The action items outlined in the responses to the auditor's findings will be monitored and modified as necessary to ensure effectiveness. Should you have any questions concerning this memorandum, please do not hesitate to contact me at (707) 464-3117.



D. L. PETERSON, Lieutenant
Commander